

**STATE INVESTMENT BOARD
GOVERNANCE & POLICY REVIEW COMMITTEE MEETING
MINUTES OF THE SEPTEMBER 21, 2022, MEETING**

MEMBERS PRESENT: Dr. Rob Lech, TFFR Board, Chair
Thomas Beadle, State Treasurer, Vice Chair

MEMBERS ABSENT: Jon Godfread, Insurance Commissioner

STAFF PRESENT: Scott Anderson, CIO
Eric Chin, Deputy CIO
Rachel Kmetz, Accounting Mgr.
Missy Kopp, Exec Assistant
Jan Murtha, Exec Dir
Sara Sauter, Supervisor of Internal Audit

CALL TO ORDER:

Dr. Lech called the State Investment Board (SIB) Governance and Policy Review (GPR) Committee meeting to order at 2:00 p.m. on Wednesday, September 21, 2022, in the Retirement and Investment Office 1600 E Century Ave., Bismarck, ND.

AGENDA:

The agenda was considered for the September 21, 2022, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE SEPTEMBER 21, 2022, MEETING AS DISTRIBUTED.

AYES: TREASURER BEADLE AND DR. LECH

NAYS: NONE

ABSENT: COMMISSIONER GODFREAD

MOTION CARRIED

MINUTES:

The minutes were considered for the July 27, 2022, meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE JULY 27, 2022, MINUTES AS DISTRIBUTED.

AYES: TREASURER BEADLE AND DR. LECH

NAYS: NONE

ABSENT: COMMISSIONER GODFREAD

MOTION CARRIED

EDUCATION – GOVERNANCE FOR GROWTH:

Ms. Murtha shared that this same presentation would be given at the SIB meeting on Friday, September 23rd. Staff is looking for feedback from the GPR Committee before the presentation is made to the Board. Mr. Anderson provided education on how the SIB's evolving governance model can support further program growth. Mr. Anderson discussed the time horizon of decision making. The current governance model falls into a minimal delegation model where external managers are responsible for executing a mandate, investment staff make recommendations and provide opinions on investment strategy, and the Board is responsible for making policy and final decisions. We are moving toward a "some

delegated authority” model where decision making moves toward the Investment Committee (IC) which is a hybrid committee made up of Board members, staff, and outside experts.

The Committee discussed the best way to keep the SIB informed about what decisions the IC is making. Members of the Committee suggested that staff share the IC agenda and materials with the SIB chair so he can notify the IC if he wants an item to come to the SIB.

Mr. Anderson discussed the benefits of the “some delegation” model including the opportunity for more agility to respond to a fast-changing environment, stability from governance layers, independence of oversight and policy from decision making and execution, and better ends achievement at a lower cost.

Mr. Anderson discussed the near-term plans for modifications to the SIB Governance manual and post-legislative session modifications. Some sections of the manual need modifications because of the addition of the Investment Committee. There are also some sections of the manual that are out of date and some changes that need to be made for TFFR. Staff plan to work on the necessary changes, have a discussion with the IC, then bring them to the GPR Committee. The GPR Committee will bring their recommendations to the SIB for approval. This initial phase will allow RIO to operate with updated governance. After completion of legislative session, staff recommend a complete rewrite of the manual. The Committee discussed the plan for updating the Governance Manual and agreed that staff should proceed with the proposed process.

OTHER:

With no further business to come before the GPR Committee, Dr. Lech adjourned the meeting at 3:14 p.m.

Prepared by:

Missy Kopp
Assistant to the Board